

1789-1851

SPEECH

From Hon. R. M. Yon

HON. LEVI WOODBURY,

OF NEW HAMPSHIRE,

ON THE MOTION TO

1789-1851 44

REFER THE REPORT OF THE SECRETARY OF THE TREASURY

IN RELATION TO

A BOARD OF EXCHEQUER

TO A COMMITTEE OF NINE.

DELIVERED IN THE UNITED STATES SENATE, JANUARY 6, 1842.

Mr. WOODBURY addressed the Senate as follows:

Mr. PRESIDENT: I am in favor of the motion to refer this report. The subject matter of it is admitted on all hands to be vitally important. It is the deliberate, matured and imposing plan of the Executive Department of the Government.

Parliamentary usage, then, and official courtesy, as well as self respect, seem to require that some examination of it should be made by a committee. Such a plan, also, I am happy to agree with the Senator from Kentucky, [Mr. MOREHEAD,] is properly open to discussion before the reference, and, if it be criticised with fairness and candor, the result may be useful to the committee, and aid seasonably in this crisis to ripen public opinion on a measure which is so highly interesting, and has already attracted so much public attention. But I am not sanguine, as to its benefits being very great in any other point of view. I confess, that many gentlemen appear to expect much more from legislator on such topics, than either their true character or the experience of mankind can in my judgment justify.

Many of the evils which are proposed to be remedied by this scheme, have not been caused, nor can they be cured, by legislation. They spread wider. They lie deeper. They exist abroad as well as here, and have been the consequence of conduct and principles, more or less pervading the whole commercial world. They are overaction in all things—too much credit and inflation—too much speculation and trading—too much disregard and recklessness in States, as well as individuals, of most of the great laws which ought to govern commerce, and all other branches of industry. But without enlarging now on these considerations, how is it possible to anticipate, that a plan like this report, which involves matters of radical difference both as to their expediency and constitutionality,

can be so shaped by a committee as to reconcile all conflicting views? How can Senators be expected to yield, where acquiescence would violate their oaths, however solicitous they may be to harmonize in non-essentials? How can we flatter the country with hopes of compromise as to powers claimed, which are dangerous to public liberty and public safety; and which, if otherwise, our judgments convince us cannot be exercised so as to bring any important relief in matters where the people themselves, and the States, must, by new views, new policy, and new habits, put their own shoulders to the wheel, or all other efforts will end in nothing.

But I will go as far as the Senator from Rhode Island, [Mr. SIMMONS,] to ascertain what middle or common ground there be, on which we can all stand. I will, for that purpose, examine this report with care, its real nature and character. These are of more importance than its parentage or name.

Whether it be the "child of thirty-six fathers," or of six, or one, is of little consequence to me. It has been adopted and sent here by the President and his Cabinet, and though so highly complimented at first, I regret to see indications since of creating prejudice against it on the one hand, and of obtaining favor for it on the other, by imputing its origin to various persons, different from the Secretary, who signs it.

In its essential powers or faculties, without regard to technical terms, I do not view it as resembling any of the former schemes to which it has been likened. I do not consider it in many points to be at all akin to what was shadowed forth by General Jackson some ten or twelve years ago. For that was to be an institution not dealing in private exchanges, but merely selling public ones as has virtually been done since 1789, and not attempting to create a currency any more than indulge in discounts; while

this avows as its leading objects, the business of private exchanges and the formation of a new public paper currency.

Nor do I consider it, as has been suggested in some of the papers of the day, as agreeing with any principles recommended by me in a report to Congress at the special session in September, 1837, except so far as that contains the outline of what was afterwards embodied into the Independent Treasury, and may be here proposed anew, so far as regards the mere keeping of the public money. The misapprehension on this point is probably inadvertent, and will hereafter be fully explained. It may suffice to observe now, however, that so far as the present plan proposes to deal in exchanges, it is repudiated in the whole of the communication in 1837, and so far as it goes to create a paper currency, not representing specie dollar for dollar, or to organize an expensive host of new officers with large discretionary powers, it finds no countenance whatever in the suggestions made in any report of mine.

Again: If the Senator from South Carolina has on some occasion heretofore furnished views which are supposed to justify the kind of currency contemplated in this plan, (and I believe the suggestion is confined to that point,) he is not cited as authority for the rest of it, and is best able and fully competent to vindicate any notions he may have entertained in that particular.

In looking at the substance of the present scheme, I will endeavor not to travel over the ground so fully explored by the Senator from Pennsylvania, to show that it amounts to a great Treasury or Government Bank. The ingenious speech of the gentleman from Kentucky, [Mr. CLAY,] in 1840, convinced me two years ago, that any individual, who either took a dollar on deposit for safekeeping, or gave a note, or drew a draft, or loaned the smallest sum, exercised what might be deemed a banking power or faculty, and might be shown syllogistically to be a bank, either a bank of deposit, or of circulation, or discount. By such constructions and analogies, a violent anti-bank man might go to bed quietly and find himself, in the morning, horror-struck on reading that gentleman's speech, to discover that he himself was a bank; like the rustic, unacquainted with the meaning of the word *prose*, who was surprised to find he had been talking prose all his life without knowing it. Their views are probably all correct as to this scheme possessing some important functions of a bank. But I intend to enter into no warfare about definitions or names, nor expose myself to any undeserved reproaches for imputing designs, or drawing inferences, never dreamed of by the real author of the report. I am not to be terrified into opposition of a good measure even if it be stigmatized as banking, nor will I support any thing and every thing, because it is not banking. In this case I would look only to the scheme itself—its naked bones and muscles, and see what they really are, what they are suited to accomplish, and what possible good can be derived from them.

The report and bill seem to be designed for four special objects. These are all independent in their nature, and if either of them can with safety

and usefulness be adopted, I am not only willing, but anxious, that it should be.

One object is, the keeping of the public money securely. Another is, to perform the private exchanges of the country with the public money. Another, to furnish a public paper currency. And another, not so explicitly avowed, but involved in the scheme, and an important part and parcel of it, is to borrow ten millions of dollars without interest, and five more at five per cent. interest.

These are colossal powers, and deserve careful scrutiny. The first proposition, so far as it separates the keeping of the public money from banks, and places it in the custody of our own officers, amenable to us, under high bonds and severe penalties, and under provisions subject to be amended or repealed by Congress, meets with my hearty concurrence. I am indifferent whether you call that part of the system an Independent Treasury, a Sub-Treasury, a Board of Exchequer, or Fiscal Agent, if we can only procure the essence, or great principles involved in a separation of Bank and State, in functions so public and so vital to the safety, purity, and independence of the finances. Indeed, I should prefer, whatever action may be had on other parts of the scheme, now or hereafter, that the safekeeping of the public money should always be provided for by itself.

This I thought in 1837, and still think, is the more feasible and just mode of proceeding; because then every measure will stand or fall on its own merits, and not be endangered, as it may be by other matters connected with it, and concerning which wider differences of opinion may exist, such as the kind of money to be received for public dues, and the kind of currency, if any, which Congress ought to create. I say this with due deference and respect to the views of others, then or now entertained, in favor of uniting in one act of Congress what it seems to me are distinct topics, and were treated in distinct laws when the Government was organized in 1789. I may be in an error, but I think that if such a course had been pursued in 1837, the Independent Treasury law would then have passed, and would have remained the law of the land to the present moment.

The Senator from Connecticut [Mr. HUNTINGTON] objected to the right of repeal—that is embodied into this system. But his argument that it is thus too much exposed to change, is an argument equally strong against the repealability of all laws. It would tend, also, to justify monopolies and exclusive privileges in all such legislation, by attempting to put them beyond the reach and reforming hand of subsequent legislation, or even of the people themselves.

But a hue and cry was raised against the Independent Treasury for other reasons—whether good or evil I shall not now stop to discuss—and under a supposed unpopularity it had been doomed to destruction. The repeal of it was in such hot haste, as to take effect before any other system could be put in operation as a substitute. The act of 1836 was annulled at the same time, and the consequence was to restore that abhorred union of the purse and sword, which many of the gentlemen who urged these repeals had before so strongly denounced.

Now, sir, I, for one, have never entertained any dread that this state of things is likely to be very fatal to public liberty. I can see no highly dangerous control over the public money in a condition where neither the President nor his Secretary could touch a dollar of the public money, except under the express grants of Congress—nor could either of them ever pay for a pen or a pin, but under legislative sanction. They were then, and are now, the creatures of law, and controlled by law, as well as we; however others, or the author of this report, may have argued differently. It is not, then, so much to sever any theoretical or practical union of the purse and sword, that the Independent Treasury is preferred, but it is from abundant caution to interpose legislative limits on Executive discretion; whenever it may be feasible, without injury to the public interests, and to throw all practicable new checks and guards around so important a subject.

But I am not so inexperienced or credulous as to entertain any very sanguine hopes that, in the present bitterness of party feeling, the leading principles of the Independent Treasury are about to be restored. If they can be, I will cheerfully accept any modification in details, not weakening its cardinal principles, and justified by experience or new light from any source.

For this object alone, however, the bill must of course be made more simple, practical, economical restrictive.

The number of officers must be diminished, and Executive discretion more regulated as to their salaries as well as numbers; and the erection or purchase of so many buildings, as might lead to the procurement of even the marble palace in Chestnut street, at the expense alone of half a million.

The whole cost of the Independent Treasury as reported at the last session, had then been short of twenty thousand dollars, and when all the accounts came in for the year, it probably would not exceed thirty or forty thousand.

There is another paramount reason why, in compromising objections, and exercising fairness and candor, our opponents should accept this part of the plan for keeping the public money, rather than we adopt their views; because, in doing it, they are not required to sacrifice any constitutional scruples; while on our part, if we assent to a National Bank for keeping the public money, we shall be obliged to violate our deep convictions of constitutional duty. They, therefore, can yield consistently, while we cannot. Nor will they, in accepting it, take what is a new experiment, here or elsewhere; but what has, in substance, existed frequently in this country; and what now exists and works well in more than half the Governments of the civilized world.

The next prominent feature in this fiscal scheme is an authority to deal in private exchanges with the public revenue. It is to be with that part of it, also, which is collected to meet the current daily engagements of the Government. This I believe to be both unconstitutional and inexpedient. Of course no compromise can be acceded to on this point. Some have been misled concerning it, by confounding together the public and pri-

vate exchanges. The public exchanges have always, from the nature of the case, been performed by the Government itself, without any specific law on the subject, except when at times parts of them may have been entrusted to a National Bank. Every Treasurer's draft for the payment of any public creditor, as well as every transfer draft, is, in substance, a bill of exchange. When either is sold by a public agent before presented for payment, it is the sale of a bill of exchange, virtually by or on account of the Government. This has been the case for half a century—it is necessary, to perform the functions of collecting, transferring, and disbursing the public revenue; but it involves no risk, depreciation, credit, or loss. The sales are never below, but at times above par, and always for ready money. But the purchase of bills of exchange, even for public purposes, is seldom made, and is, of late years, confined entirely to a few foreign transactions. Yet it has been gravely argued in substance, that because the Government can deal in public exchanges for public purposes, it is, therefore, constitutional to deal in private exchanges for private purposes. A more perfect *non sequitur* never existed. Others, driven from this, like the Senator from Rhode Island, [Mr. SIMMONS,] have sought to find some vagabond power in the Constitution for this part of the scheme, or to claim it under the authority there given to regulate commerce. I was surprised to hear him avow that an argument, delivered here on this point at the last session, was unanswered and unanswerable. What! a power to interfere with, and perform all the private exchanges of a community belonging clearly, by implication and construction, to a limited Republic, when the most absolute despotism of Asia, or the unlimited monarchies of Europe, never dared assume such a power! There must be some end to this officious intermeddling with private business by Governments, or there is no security for either property, right, or justice.

The whole argument rests upon a grant of authority to regulate commerce with foreign countries and between the States. The debates in the Convention, as well as all analogies drawn from other Governments, show that this authority was to extend merely to the imposing of duties and the usual custom-house regulations of trade. But who ever dreamed then, that a power to do this drew with it a power to usurp the business of commerce itself, and all its various ramifications.

To regulate means to prescribe rules or establish modes. But is prescribing rules for agriculture, the same as holding the plough or reaping the grain yourself? Granting to one a power to regulate manufactures or commerce is very different in common sense as well as law, from granting leave to engage in weaving and spinning, or to transport goods and produce for others, and the taxation, and all the means necessary to carry on those kinds of business yourself. This would be a monstrous interpolation.

The authority to regulate commerce applied certainly with as much, if not more latitude, to foreign than to domestic trade. Yet we have it recorded in the debates, at the formation of the Constitution, that a clause was proposed to confer authority to regulate merely the damages on foreign

exchanges, and after commitment, failed ever to be sanctioned. (See page 1448.) What then would probably have been the fate of a proposition to enable Congress not only to regulate foreign but domestic exchanges, and not only the damages on them but the premium or discount, and also to embark in the whole business itself with the public funds?

Again, as the Senator from North Carolina urged, you cannot deal in these exchanges, under this bill, that is, you cannot buy them without taking money out of the Treasury, and that cannot be done by another express clause in the Constitution, except under an appropriation by Congress. True, one can be made. But there is no such appropriation in the bill, and if one be made to cover this kind of dealing, it must present the novel and extraordinary feature of an indefinite appropriation of twenty to a hundred millions yearly, and not to pay any current expenses, nor for any specific object which the Constitution expressly empowers us to perform; but for trading in private exchanges.

I am no transcendentalist in politics; but, at the same time, have little horror of abstractions in questions of constitutional law or political economy, and here every thing—in reasoning, analogy, or experience, seems to me equally to indicate that the exercise of such a power for others by the Government, is unwarranted by the Constitution. Let us see next how the dealing in private exchanges by the Government stands in point of expediency.

It is argued in the report, that such dealing would tend greatly to relieve the people. But if so, is it not strange, that the history of the civilized world shall be searched in vain to find any Government, however unshackled in its powers, that has ever attempted thus to relieve its subjects? Much less one, however benignant and paternal, that ever has actually succeeded thus in relieving them? Experience then forbids it.

How can it relieve the people unless the exchanges are thus performed for them cheaper? Or unless their Government thus gains much which would otherwise be lost? As to the first, the scheme limits the charge for exchange to the expense of transporting specie, and not in any case to exceed two per cent. Is that cheaper or dearer than is now usually charged to the people by bankers, brokers, merchants and banks? More, sir, more than is usually asked now from remote places; notwithstanding the ingenious calculations of the Senator from Kentucky [Mr. MOREHEAD] yesterday as to five or seven per cent. as a rate of exchange between Kentucky and New York. Will he travel with me five hundred or a thousand miles still further West than Kentucky, and see what the real rate of exchange is there at the last returns; not in fancy or in red-dog, Brandon, Wild Cat, or any other rag paper, but in specie? Here is the record, sir, under date of December 27th, 1841:

"The Bank of Missouri draws on New York at sight at two per cent. premium for specie."

[Mr. BENTON here said—"One and a half per cent. by returns this morning."]

So much the better. That would undoubtedly be eight or ten per cent. in depreciated bank paper.

But the depreciation in that paper is not the difference in exchange, and should not be confounded with it, as has been done by the Senator from Kentucky and others. The difference in exchange indicated in this report, is not, and should never be, beyond the expense of carrying specie. Otherwise the specie itself will be carried by every man of common sense, or ordinary skill in business. But if an individual has to give seven or eight per cent. to get specie for his depreciated notes, which he has foolishly taken at par, the loss is not owing to any difference in exchange. It is rather owing to his own folly or complying disposition in taking discredited paper; and he sustains that loss not because exchanges are high, but because his local bank paper is bad.

The tax thus paid by Kentucky, equal to all her other taxes, or half a million yearly, as computed by the Senator near me, [Mr. MOREHEAD,] is paid on account of its own indulgence to its own banks; and if any body gains by it, their own banks gain, and their neglect of duty in redeeming their paper, causes all the loss suffered.

The case which that Senator mentioned of seven per cent. premium on some notes, on one side of the Ohio river, over those on the other, he can himself see, is not the difference in exchange or the expense of carrying specie merely over the stream, but is rather the difference between one kind of bad paper, and another kind still worse: between a horse unsound in one respect, and another both windbroken and spavined.

Does that Senator suppose that the author of this bill was *soft enough* to intend, that the public agents if it became a law, should in Kentucky, for only two per cent. premium, take bank paper ten per cent. below par, and give a draft for it on New York for specie?

What, then, becomes of all his half million—three millions and four millions, lost by Kentucky and seven other Western States yearly in exchanges, on a computation that the rate is five or seven per cent. when, in reality, it is not now two per cent? What, too, becomes of his cure for this state of things by a National Bank, making exchanges lower when they are now, at this very moment, lower, specie for specie, than they were in the palmiest days of the United States Bank? This is history and not conjecture.

The tables for many years have been officially prepared by the Treasury Department, and submitted to the Senate. They are here, but will not be read over again, as they were fully commented on at the last session. In 1825 and 1826, the Western exchanges, under the full tide of glory of the United States Bank, were higher than now. Why should they not have been?

A little reflection must show that the expense of transporting specie has, since that, been much reduced. Firstly, by improved roads and steam; and, secondly, by the greater use of gold; the same amount of which being so much cheaper carried than silver. When the gentleman supposed a National Bank was indispensable to reduce exchanges, did he look at Charleston, where they reach only one per cent. or less now, without any National Bank? to Boston, where they are at par, or only one quarter of one per cent. without any National Bank?

to all New England, and even to New Orleans, where, at this season of the year, and without any aid of a National Bank, the exchanges generally cost nothing whatever?

This is perfectly natural, to any person who sees that, when one place owes to another no more than is due to itself, there is no specie to be transported, in order to pay balances, and hence, that nothing should be asked for exchange by any body who has funds in either place. It therefore happens now, as under the United States Bank, that between many places where trade has been cautious, and nearly equal, the rate of exchange is at par, or differing but one fourth or half a per cent. to cover delay or risk. But this is not caused by the absence of a National Bank, nor was it formerly caused by the existence of one; but by more regular habits of trade, less speculation, and no undue extension of credit. When the condition of business is, on the other hand, deranged by those causes, exchange must vacillate, and rise to the real expense of carrying specie from one place to the other; though it never can be above that expense merely for the exchange.

Let me avoid tediousness by omitting numerous other illustrations, which crowd on my mind, as to this fallacy into which that Senator has fallen, and under which this report also labors, in supposing that our legislation, whether as to a National Bank or a Board of Exchequer, can make the exchanges cheaper.

Their dearness or cheapness depends on other causes, both here and abroad. They fluctuate both here and abroad, as those other causes may, and not as there exist or disappear, either National Banks or Boards of Exchequer.

But some persons have undoubtedly flattered themselves, that by means of this Board and the revenue, the Government could and would sell exchanges lower than brokers and bankers or merchants now do; and that this is an unanswerable argument for the expediency of such dealing.

But grant, for a moment, that the public agents should sell exchanges lower than others do, can this relieve the whole people, or even a majority of them? Will it not, on the contrary, relieve only influential political friends, or mammoth corporations for commerce or manufactures, who have aided these agents to obtain office? Will it not result in partiality and favoritism?—Has not that been the mode of lending the credit of State banks to the members of Legislatures who choose the directors? What an engine of partisanship! And what becomes of the relief to the many refused? Far be it from me to exercise uncharitableness, or cherish groundless suspicions. But if only fifty, and surely not over a hundred, millions of exchanges could be performed yearly by this Board of Exchequer with its cramped means, and the whole exchanges of the Union exceed at least five hundred millions, does not the Senate see that one-fifth only obtain cheaper exchanges at the expense of the other four-fifths; because all that these are sold below the market value, is so much taken from the others—the public at large, who own the whole funds, and all the profits belonging to them—and is taken in order to befriend or relieve only one-fifth. This is mon-

strous partiality and injustice in a country of equal rights and equal privileges! But look a little deeper into this, in connection with the next and last branch of inquiry under this head, as to any supposed gain by thus using the public funds which might otherwise be idle.

Now the idle funds in the Treasury are things beyond the flood. We have none now, and are not likely to have any very soon. But what have been their average amount for four years past? Not two millions yearly; and seldom, at any moment since the debt was paid off, over four millions. Now suppose the whole two millions to be employed so as to yield six per centum for the year, or even twelve per cent. on it. The gross gain would be two hundred and forty thousand dollars, while the expenses of this cumbersome machine, without deducting any losses, would probably exceed half a million yearly. But suppose, as is the truth, that the Government is a bad merchant—a bad broker—a bad dealer in exchange—suppose, that for this reason, as is the truth, that its embarking in such business has always been hazardous, injudicious, and often attended with serious losses. Suppose, also, as is the fact, that in convulsed times and fluctuations of prices, exchange dealings are of a most losing character. Who believes, then, that the losses are not likely far to exceed any income, even if the exchanges were expanded to the highest amount? Who believes that much bad and suspended and doubtful paper would not be left in the hands of the Government agents, who are without the stimulus of any private interest to vigilance?

Beside this, the whole machinery, under such losses and delays, is likely to be stopped. The current means for daily demands on the Treasury may thus be cut off, and discredit and protest be heaped on protest, not only as to the bills to be met and paid, but even as to the certificates of deposit; the new Treasury notes redeemable on demand, and the ordinary drafts of the Treasurer. All the disastrous system will then be fit to pass under the benefit of a Bankrupt law! But above and beyond this, what a miserable figure must the Government cut as a note dealer, exchange buyer, and paper speculator, in the market, competing, in this kind of shaving, with individuals and banks? How disreputable and unprecedented! If it be expedient to do this, why is it not proper and profitable for the Government to engage in raising corn, or cattle, or cotton? Not merely for food and clothes to the army and navy, but for sale to private individuals. Why not engage in freighting for others with wagons and ships? Why not engage in raising tobacco, as some Governments are supposed to do in its sale, and then wage a retaliatory war, with the tariff at least, to make others chew, smoke, or snuff it, in the most approved style of a certain modern crusade against China, to make her eat opium? On this point, then, of the exchanges, it would be vain for any committee to expect compromises, from those who think like myself.

The gentleman from Virginia [Mr. Rives] will, on a little reflection, certainly not intimate again that this, or any similar view, proves an unwillingness to relieve the people by members on this

side of the House. Does he himself, educated at the feet of Gamaliel in politics, see his way clear to sanction this dealing by Government in private exchanges? And whether he does or does not, will he consider a reluctance to violate what is deemed by others unconstitutional, as hard-hearted in them and unmerciful towards the country? What, sir! are they to be reproached, and have they been reproached as hostile to the people, merely because unwilling to do what they believed the Constitution forbade them to do—that Constitution which the people established for the very purpose of checking and restraining them? Could we have any motive more than he, not to try to conciliate the people when we deemed it lawful?

Nor can he mean to stigmatize it as a *do nothing* policy, when we refrain to *do nothing* in a case in which the Constitution gives no power to act. He cannot deem it a matter of reproach that we *do nothing*, and shall persist in doing nothing, to abolish slavery in the States. Nor can he censure us because we mean to *let alone* all branches of industry alike, and do nothing to aid or protect manufactures at the expense of agriculture or commerce?

The next movement in the school, which can recommend fixing by law the prices of exchange, would be to establish the prices of flour and cotton by the legislation of the General Government; and last, but not least, the prices of manufactures and freights, so as to insure, if possible, gain to favored classes, at the expense of others, and at the sacrifice of every enlightened principle of political economy—the destruction of free trade, and the utter disgrace of all intelligent legislation among us.

Another striking part of the proposed scheme, is the formation of a new paper money, to be issued by the General Government. I am not disposed to dwell on all the minute principles bearing upon this. But if it be in any degree less objectionable under the Constitution than the dealing in exchanges, it must be when issued on a different plan, in a different exigency, and to be used in a different manner than is advocated in this report. Certain it is, that in the most favorable view, a public paper money, resting on credit merely, in any degree, and emitted specially for a currency, and not with a view to effect a temporary loan, seems to me opposed to all the language, spirit, and origin of the great charter of power under which we act. Why, sir, that instrument was framed for the express purpose, among other things, of putting an end to the use of a public Government paper money system. Hence it forbade the States to issue bills of credit, or to make such paper, or any thing else except gold and silver, a legal tender. Hence, also, it conferred no power on the General Government as to money, except that connected with the mint—that was to coin money, and regulate the value thereof, meaning, beyond all controversy, specie, and specie alone. When we look to contemporaneous history, to the Federalist, and especially to Madison's debates in the convention, no one can doubt that the door against such a Government paper system was intended to be barred forever. Hence the convention, towards the close of its labors, deliberately

struck out a clause, which had before been inserted, authorizing the General Government, but not the States, to emit bills of credit.

Among the patriots opposed to this power, stood one amidst the foremost and firmest—a practical merchant and sagacious statesman—the intrepid John Langdon. He has long been honored, and will always be honored by my native State, while stern Republicanism and devoted patriotism shall be revered, as I trust it ever will be, among her virtuous and intelligent yeomanry. He declared on that occasion, he would “rather reject the whole plan, than retain the three words ‘and emit bills.’” These were supposed to confer the power of making a Government credit paper for a currency. [3 vol. of Debates, p. 1345.]

Here is the book, and to show conclusively the views under which he was sustained by some of the first jurists and ablest economists in the Convention, allow me to read what Ellsworth, afterwards Chief Justice, observed. This is “a favorable moment (says he) to shut and bar the door against paper money”—and Wilson, a no less learned lawyer, added, “it will have a salutary influence on the credit of the United States to remove the possibility of paper money.”

So that the exclusion of that clause arose, not as the Senator from Virginia [Mr. Rives] seemed to suppose early in this debate, from a wish to leave the matter of issuing paper money by the Government, doubtful or open, but from a wish not to confer any such power whatever, and in those plain, practical days, this was supposed to leave the Government without the power.

The note of Mr. Madison, so far from changing this aspect of the subject, shows that leaving the phrase out was intended not to prevent the issue of paper in case of necessity, merely with a view to a loan, as the power to borrow was expressly granted in another part of the instrument, and could not be executed without furnishing some paper evidence of it; but it was with a view “to cut off the pretext for a paper currency,” &c.—(page 1356.)

How then, can we with propriety now go forward, avowedly and solely with a view to make such a currency? How can any persons of the school of '93, suppose it to be authorized?

On the other hand I admit, that Mr. Madison, and the Republicans of 1814, as well as most of those of 1837, believed that under the power to *borrow money*, certificates, scrip or notes, might constitutionally be given for the loan, and that the notes like the scrip might be large or small, as the parties should agree, run a longer or shorter time before payable, and on such interest as might be mutually satisfactory. Most, if not all of those issued in the late war, were, therefore, not payable under a year, were on interest, and those issued in 1837, and since, have also all been prohibited from being reissuable or without any interest, beside being made not redeemable under a year. But the deliberate avowal in issuing the notes in this fiscal report and scheme, which are mis-called Treasury notes, or such in form as have heretofore been used to effect temporary loans, is to issue them as money, and expressly for a currency; and, therefore, to make them reissuable, and without interest, and payable like bank notes

on demand. They are expressly asked to be emitted, not with a view to borrow money; because the present Administration have heretofore censured borrowing by Treasury notes, and have advocated and adopted a permanent loan by scrip instead of them; but they are asked, with a view to form a great permanent national circulating medium for all the moneyed purposes of life, and prepared with a view and under an expectation that they will constitute a currency, uniform, sound, and highly useful over the whole Union. Now, grant that this was likely to be realized; can it be possible that such a scheme is authorized by a Constitution framed and designed like ours?

I could not contend here, that the General Government was not authorized to use evidences of debt in the form of paper in its fiscal and moneyed operations. All the Treasurer's drafts have been for fifty years, and must be, in paper, and assume the form of moneyed checks, or bills of exchange; so have been all the Mint certificates. But these are not issued as paper money, nor with a view to constitute a paper currency, though it is admitted, that in business, they are often used as a currency in both private and public moneyed transactions; possess a very high credit, and can be applied like bills of exchange, all the world over, to perform very safely many of the functions of money itself. So as to the other legitimate Treasury notes. They were, to be sure, made receivable for public dues, as was the scrip for the permanent public debt made receivable for lands; and thus incidentally, as well as in large remittances at a distance, those notes answered a valuable purpose in making payments. But they were issued expressly for other objects; they effected other objects, and they were justified only on account of those other objects.

But I am detaining you too long by these details; and be this point as it may, I must say next that it is perfectly demonstrable to my apprehension, that the paper currency, proposed in this report, is highly dangerous and inexpedient in the form contemplated.

It is all subject to be offered for redemption at any moment, when, at the same time, you allow it to equal in amount treble all the specie kept on hand to redeem it. If, as suggested in 1837, dollar for dollar of specie was kept to redeem any paper issued, no risk would be run by any body of stopping payment or of a failure. This too is the only feasible and safe scheme for a public paper currency, such as is proposed by many modern writers on banking, and to be separated from banking institutions. This mode would combine more certainty as to redemption—simplicity in detecting counterfeits—and preserve better the analogy of letting Government give sanction to every thing used as money—whether paper or specie.

But if such a paper, for its credit and security, is allowed to rest at all on any thing but specie, whether it be lands, or mortgages, or public stocks, (as here to the extent of five millions) or mere public faith in promises, (as here to the extent of five millions more) you can see, by the recent experiment of the free banks in New York, how such pledges melt away in times of embarrassment. Some of those stocks are reduced in value from over par to nineteen or twenty cents only for a

dollar. Perhaps more than half of the banks themselves are suspended, and the notes of but few of those are able to be redeemed within ten, twenty, and sometimes thirty per cent. of their promised value. Even the British stocks, probably the steadiest in the world, have at times fallen twenty per cent. and our five millions loan as security, might, in the panic or discredit which would lead to its forced sale, bring not only a fifth less than its amount, but descend, like Illinois and Indiana stock, to less than one-fifth of its nominal value. Legislation alone cannot give credit or confidence for the rest, as an affair of money and not a loan. Money is designed for immediate use, and brooks no delay. Hence, a public promise is often worth less than a private one in the moneyed world, unless it be accompanied with real revenue to discharge interest, and real prudence in financial matters, so as to insure future punctuality.

When what is called money, rests for its character on naked legislation, or inadequate means in specie to redeem every dollar of the paper due, affairs might, to be sure, go on confidently while no deficiencies were threatened—no extravagant expenses incurred—or no great fallings off in resources apprehended. So may they go on in a great struggle of war, when national existence is at stake, and paper and confidence are necessary to carry the country through such a crisis, and the patriotic make every sacrifice to secure liberty, independence, or national existence. But let revolutions come in peace—or let society settle down at its usual moorings, after war is over—or let a scheme like this be tested by such panics and overtrading as have characterized the few years past—and the whole would explode in a single month.

All the evils of old Continental money and French assignats, and all the ravages inflicted by the colonial paper, often, before the Revolution, would be probable, if not inevitable. Thus, for instance, suppose that, on one million of specie at New York, three millions of notes have been issued, redeemable there; these will seldom travel far off from the centre of exchanges; and in such a panic as that in 1834, or 1837, or 1840—and many more which might be named, contrary to the views in the report, that they are only few and far between—and the Fiscal Agency then would be broken in a single day. Not half the issues then would be redeemed punctually. But suppose that the five millions stock, in such an event, is still on hand—it cannot, in the pressure, be sold at par, and if left to be sacrificed at any price, as the project now leaves it, and no more could be raised on it than can now be raised on some State stocks, it would yield only one million for the five. There would still be a deficiency of means, by a million, to redeem all the notes out at that place, and likely to be, in a great measure, suddenly pushed home.

But, to illustrate still further the insecurity of the proposed system, suppose this million of specie has been created by deposits, and they are called for at the same time, as they are likely to be called for first in a panic: then, not a dollar will be left to redeem the notes, except the pittance which can be raised on the sacrificed stock.

One step further: Suppose, at such a crisis, a bill of exchange, or draft, arrives from a distant

agency, sold to some merchant in New York, and is presented for payment in specie. That also would become discredited, as well as most of the Treasury notes, and probably some of the certificates.

And last, but not least: If a Treasurer's draft to a New York creditor of the Government is likewise offered, at the same time, a fourth species of discredit is the consequence, and the Government thus becomes stripped of all its character, either for good faith, punctuality, or fiscal ability.

In a thousand other modes are we endangered under these plans.

No draft drawn by the Treasurer on any agent can be paid in specie, if demanded, without violating the law, provided the agent has recently had his specie reduced by notes or certificates redeemed, so as to equal less than one-third of the notes still out.

A powder magazine is constantly beneath it, to blow it up, either by Treasury notes presented which cannot be redeemed, or the Treasurer's drafts, or certificates of deposit, or bills of exchange drawn on the agencies. In time, in times like these, the whole five millions in the Treasury in specie may be deposits—the five million stock be unsaleable—a demand arise for exportation—or a panic occur, and the deposits be withdrawn; and then the whole fifteen millions of Treasury notes issued on the five millions of deposits will be mere fog, and rest on naked credit for the whole.

Such a combination of circumstances, I admit, may not happen every day, or week, month, or year; but it is practicable, and would have happened, so far as to tumble the whole fabric into ruins more than once within the few years past—and would financially disgrace the Government forever, as well as the whole country. I ask for no exaggeration or fancy. I wish the case, in truth and experience, was not so bad. As to war, to which the Senator from Kentucky [Mr. MOREHEAD] refers, it would in the end, after the excitements before named were over, not only break up this system, as it did continental money and assignats, but it would, if of much length, break a National Bank, judging from what it did in England for a quarter of a century.

The last war here broke all the State banks south of New England; and when credit is stretched or paralyzed, as it is in any severe war, the modern system of banking must usually vanish before it, unless reinforced by additional specie, or sustained by new and great forbearance and confidence in the community at large. But how much weaker this Board of Exchequer must be than most banks, in even ordinary times, will be obvious if you advert to the fact that their collections can be, and are, employed to aid them in any pressure to redeem their issues and pay their depositors. But the collections of this board are needed to meet the hourly demands on the Treasury to discharge the public dues, and being a Bank without capital, their whole notes and deposits must be met, if at all, by the small portion of specie on hand, and the miserable, desperate resort to a new loan, if one can be had on the five millions of stock.

It is, in the first respect, like the late United States Bank, when it became a borrower rather

than a lender. Then, when hard pressed to redeem its issues, it was obliged to suspend, because unable to meet both its issues and its other debts at the same moment.

The idea that such a currency can be kept by this scheme at par, and of a uniform value over the whole country, is one of its most unfortunate crudities. It is true that all of it, which is issued and redeemable in specie on the Atlantic and north of the Potomac river, would be at par, while promptly redeemed there, and while receivable every where for all public dues; because the course of trade and exchange is such as to make such paper valuable for remittance, and to make the specie there received for them worth more in commerce than if received elsewhere.

But the moment more notes are afloat than are soon needed to pay public dues, they will depreciate, if redeemable elsewhere, though in specie, because specie elsewhere is less valuable than it is here. It is just as the notes of specie-paying banks, situated on the Ohio, Illinois, Arkansas, or Cumberland rivers. They fall below par here because specie there is worth less than it is here. All the Western and Southern notes under the new system will then fall below par as soon as the market here is filled with them—and the United States Bank, in its best days, could not sustain at par here the notes issued there, though taking them for public dues, until they also redeemed them here. When, in 1833, the Bank refused for a few weeks to redeem them here, they depreciated, and were sent home for specie, and the branch at Savannah or Augusta was nearly broken in a few days, and the Bank, for its own safety, was obliged to redeem them in New York. Almost the whole payments for duties for many years were notes of distant branches, and under this system it would be the same; and the moment the market was overstocked, as it would be now and was then, the notes of the West, not redeemable here, would depreciate, as they did under the United States Bank, when not redeemed here; and a heavy loss fall on the community.

It would be at first so great as to make it profitable for brokers to send them for specie to the places at which they were issued, and then, when the one to three there was exhausted, the distant agencies must all stop payment, and the value would sink not merely ten or fifteen, but forty or fifty per cent, till finally, like the old continental bills, a thousand dollars would be required to buy a breakfast.

There is no capital behind or back of them, as in case even of a common bank, to rely on, but mere legislative promises—the moonshine of party confidence—as to money. That may do well as to other matters; and even as to loans on time, when persons wish to lend; but it never answers for money, when money alone is wanted; the whole of this boasted uniform and sound currency would then become no better than the rags of the worst Owl Creek bank in the country.

If it be asked how this catastrophe was prevented by the United States Bank before its failure in 1837, I answer, by having a real and large capital behind on which moneyed confidence could repose in some security, and by having its notes re-

ceivable every where for public dues. The last did much, but not all; and beside both of these, she had to redeem the Western notes in the East, and receive them there for debts—often when the market was overstocked, and enabled herself to do it only by a constant and expensive freight of specie to the East from the West and Southwest. She was often in sad dilemmas, and once petitioned Congress not to have her branch notes from the West received in the East for public dues. She once or twice saved herself from suspension, when on the eve of it, with not two hundred thousand dollars of specie in her vaults in Philadelphia, by forced marches of wagon loads of it from the West.

But one of the great arguments in this report in favor of the proposed scheme for a currency, was that it would prevent overissues by the banks, cure expansions, and prove a restraint on inflation of prices. If the subject was not so grave a one, it would be difficult to suppress laughter, at a plan to remedy in others the very excess which it is permitted to commit itself in a still greater degree. Why, sir, the greatest expansion of the United States Bank, in its rashest moments, was but fifty per cent. in six months—soon after its counterfeit panic of 1834. That was bad enough, as tending to make the yard stick virtually shorter or longer, the pound weight heavier or lighter, monthly, as the expansions and contractions followed each other rapidly.

But this scheme is to redress that evil by an expansion of issues, not merely fifty per cent. but two hundred per cent. or three for one, thus pushing to the most reckless extreme what it professes and takes much merit for attempting to discourage, disapprove and prevent.

Without reference to isolated cases, seldom have the banks of the United States, as a whole, ever forced their expansion up to the inflation of three to one, as was so fully explained at the late extra session, from official tables, and need not here be recapitulated.

This great balloon inflation of the currency is what, in truth, recommends this very project to many, instead of being, as held out in the report, a consequence, it will avert or defeat. What does not inflate or expand, in an era like this, provokes sneers. Inflation in the currency has disordered many parts of Europe as well as America.

It is the great evil of the times. It has been the principal cause of over-trading in 1835 and 1836—of rash speculations and miserable revulsions and wrecks since. It is the fatal disease of the age. Yet, in the face of this, we have an expansion and inflation by the Government, prescribed as a cure for those by banks.

The United States Bank, in one six months after the panic of 1834 was over, expanded her issues fifty per cent. and thus deranged prices, exchanges, and trade of all kinds, and induced similar and subsequent follies by many State banks. All can now see the insanity and ruin of her course. It was that, and not a specie circular, or a removal of the deposits, as some gentlemen intimate, which caused revulsions. These were intended, and did much to check them. But there was not any seizure, or touching, or removal, in fact, of a dol-

lar of those deposits, as many suppose; and thus evincing an unlimited use of the purse and the sword. But there was an order not to deposit more in the United States Bank, and what was there, it directed to be withdrawn gradually, in payment of the public demands, pursuant to the laws of Congress, and not otherwise. These, in reality, made scarcely a ripple in the great ocean of business. They of course made still less or nothing abroad. Yet banks have, in the same period, broken in Belgium and Austria, Ireland, and even England, as well as the United States, but not on account of the specie circular, or the removal of the deposits. Banks, too, have broken under the new pet bank system of the present Administration, as well as under the last, and under a National Bank in England, and also have in former days under a National Bank here, as well as when no such Bank existed. Merchants have overtraded and failed, also, in other countries, as well as here, and during this Administration as well as the last.

Another circumstance, making this system more dangerous and impracticable is, that it does not require a dollar to be kept in specie to redeem or represent the deposits. They demand, as all know, more specie and more attention than even the notes; are more fluctuating, and more dangerous to specie payments. This was so fully shown at the late extra session, as not to require proof now. The certificates for them are not made even receivable for public dues any where, nor are they made absolutely redeemable elsewhere than at the places of deposit. This is all very well in one view; but how in another, as to their boasted use and benefit as a currency, such hopes are to be realized, is not to be imagined.

What an absurdity to suppose, that, under these circumstances, they can much aid the currency? In the large cities, and especially the Atlantic ones and New Orleans, if some deposits were made, the certificates for them would be valuable at a distance for remittance or exchange, but none at other places would be of much importance. I fear that few are likely to be made any where without some amendment of the provision making them receivable for public dues at proper places, considering the course of exchange, and without requiring specie to be kept to redeem them, like the notes. Then all issued on the northern part of the Atlantic seaboard in commercial places, would be as valuable and uniform as the notes, but no more so. Whether the reception of private deposits, merely for commercial objects, can be deemed constitutional, is very doubtful, unless, as suggested in 1837, it be done in connection with the mint and the coinage.

Some of the provisions in the scheme would be more feasible and useful, standing separately. But good ingredients, like oil and vinegar, are attempted to be mingled, and the amalgam, mixed by some unskilful wizard in his cauldron, is presented with very little coherence.

If we, on this side of the Chamber, are unwilling to swallow it, however sweetened and eloquently commended, are we to be censured, when none who have yet spoken, not even the Senator from Virginia, can approve it?

Can we be regarded as harsh to the people, or unwilling to give suitable relief, when we decline to

support what he himself deems, in several respects, unsuitable?

I am a little at a loss, how even his skilful hand can bring much relief, by restoring the pet bank system, which seems to be his panacea for the present ills, when, in truth, we have that system now, and have had it since August last, and are likely to have it much longer. The only difference between the present state of things and that under the act of 1836 is rather theoretical and political, than commercial, and cannot be pretended by any one, to influence the distresses of the country either way.

Does he not, then, by the last three months' experience, begin to entertain some little doubt whether the act of 1836,—the more regulated pet bank system, though better, I admit, theoretically, than the present state of things, could give any additional relief to the existing embarrassments of the community?

Has he not discovered that there may be in all things an excess of legislation? or governing too much? Has he not, as well as others, complained heretofore of tampering too much with the delicate matter of the currency?

It is a little extraordinary, that persons with such sound general principles of non-interference with forbidden matters, and non-use of doubtful powers, should appear to censure any with severity for not approving at once schemes which, even in his own opinion, are in some respects highly exceptionable, and as a whole less eligible than even the system of State banks in use at this very moment.

This experimenting with the currency, I thought, had been so much denounced as to be avoided. I thought we, as well as other countries, had learned something from experience, if in no other way. I thought his party attributed much of the past and present disasters here to what they called scheming and experimenting with the currency—to specie circulars, and removals of deposits; and yet we are now reproached for finding fault with a plan far more novel, dangerous, and visionary, than any ever thought of or attempted under the past Administration.

Nobody can calmly desire another Shay's rebellion, to attempt to relieve the people by a Government paper currency. But all must, on cool reflection, profit, not only by cases like that, but many disturbing scenes and mournful lessons since, connected with the use of paper money, and the thousand abortive efforts every where to regulate the currency so as to make substance out of shadows, or credit equally current with coin.

Why, sir, the whole recent parliamentary investigation into the topics to which the Senator [Mr. RIVES] referred, as throwing much light on the matter, has ended in nothing. What says the able review before me? "We have not been able to discover that a single advantage has yet been gained by the evidence taken before the committee."

Again: "Wisdom," says Mr. Loyd, "is best learned in the school of adversity." "When a few more theories have been tried—a few more pressures have been experienced—a few millions more of opulent families have been reduced to beggary—and our Union work-houses are thronged

with starving artisans—then we may discover that all our attempts to REGULATE THE CURRENCY have been productive of mischief, and we shall be willing to let the currency regulate itself." I fear, as to all of us, "to this complexion we must come at last."

But I hasten to say a few words on another measure involved in the scheme, and then the further consideration of it will be left by me to some other occasion.

Besides a system for keeping the public money, and for transacting private exchanges, and making a new paper circulation—the plan virtually embraces, though not avowed to be so intended, the borrowing of ten millions on Treasury notes redeemable on demand, and five millions more by scrip redeemable in twenty years. This is the revenue portion—besides the great profits, so childishly expected to be made on the exchanges. Coming from the Treasury Department officially, it thus includes, as a part of its system of finance under existing embarrassments, the practicable addition of at least \$15,000,000 more to the public debt, besides the \$20,000,000 already existing and recommended in the annual report.

This is its real, though not professed financial policy. To carry on the operations of the present Administration in its second year, the country is to be exposed to a debt in the whole of \$35,000,000. It is one likely, too, by the project in the annual report, to increase at least \$6,000,000 more yearly, and to be rendered larger or more permanent in duration, instead of being soon extinguished as it should be in a period of profound peace. This must be regarded as a part of the whole system. Then as a whole, can we countenance a scheme, fraught with such extravagance, however well meant? Can we be expected to compromise and encourage plans of finance, whose wisdom seems to have consisted chiefly in giving away three or four millions of its fixed income from lands at the moment when most in want—in raising taxes in peace—in augmenting expenses in peace—in increasing the debt in peace—and when, by such misconduct, falling into discredit, and unable to borrow, seeking a remedy by authorizing more loans?

I do not wish to enter into discussion, under this topic, which may lead to crimination and recrimination. I shall, therefore, not now inquire who created this large debt, and why? But that it exists, and is intended, the tables before me, compiled from official data, explain. Without going into fractions, and too much minuteness, they give the general results. Statement number one, shows that the present and contemplated amount of the debt, at the end of 1842, is, by the official reports, and independent of this scheme, about twenty millions; and with it, thirty-five millions. Even in this is included nothing to cover six or eight millions, needed by the magnificent scheme as to the Post Office Department for purchasing privileges so extensively in roads and canals. Nor does it provide means for meeting any excess of appropriations by Congress beyond the annual estimates, though the excess at the late extra session over the estimates by Mr. Ewing, and under the economy of his friends, was near a

ndred per cent; because the appropriations, including the trust of near a million for the States the Southwest, converted into an immediate and solute debt, equalled about six millions. Hence, pursuing a similar course of excess now, all additional fifteen million loan, contemplated in se scheme, may be needed to defray the expenses the year. And how is it to be got? Ten millions of it, through the issue of Treasury notes, demand, without interest, when at this moment se notes, bearing six per cent. interest, are one cent. below par! What infatuation to expect s! Such visionary calculations look as if we re in the region of the Arabian Nights Tales.

But I will not trust myself to speak longer on s, lest something may be uttered harsher than is ny intention to speak on the present occasion. the contrary, magnanimity and patriotism rar require us to ask, what is to be done to pluck drowning honor? How is the present deplora- condition of things to be improved?

The Senator from Virginia inquires, what redy do we propose instead of this scheme? and y any one should censure and not offer a sub- ute? I, for one, reply to the appeal. But I ak only for myself, as a Senator, and commit member of the Democratic party. I disclaim principle of action, not long ago adopted and owed in this Chamber by some, *to oppose every ing and propose nothing.*

have no concealments or evasions, but show hand at once. Nor is this done from any vanity delusive hope of making converts; but to an- er the call, and discharge frankly and promptly official duty to the country in an exigency ere much is at stake and much may be lost of ional character as well as property.

On the first point, as before indicated, I would p the public money by the system of an Inde- ident Treasury. Correct and improve it, if cticable, but still preserve it in all its cardinal nciples, and divested of all the wide discretion- powers and large expenses contemplated in the sent scheme. What else can you do? What e could the President do than be silent or recom- nd its essential features? We have now the te bank system of 1789, 1811 and 1833. A nge is called for. The pet bank regulated sys- of 1836 you have repealed, and if existing, it uld give no more relief to the community than s. You have also repealed the Sub-Treasury he has vetoed all your National Banks. Why sure him then for returning to almost the only n left which is not regarded by him as uncon- tional?

He and his cabinet, on this point, deserve much re of sympathy than reproach. You require nt to swim, as drowning men with both hands tied ind them. All schemes but the existing one, liberately repudiated or vetoed within three nths past; and yet they are expected to propose e other than the existing one, which shall be un- eptionable to all. Such a position is to be com- erated. They are surrounded with difficulties—arrassments appalling—and so far from wonder- at some of their errors and inconsistencies—astonishment is, how they expect to get onward all with their old principles. The Pre-

sident may not be headed; but it looks very much as if he was checkmated, as well as handcuffed.

Next as to the exchanges. The expedient and constitutional mode to relieve the people in respect to them is, as heretofore explained, not the scheme proposed in this report, but measures calculated to remove the cause of any great inequality in them. That cause is usually overtrading and overspeculation in particular places, and thus incurring debts to other places beyond the ability to meet promptly in produce or merchandise. The difference, then, unless a long credit is obtained, must be discharged by specie or bankruptcy.

Improve then the habits of your people, reform their excessive indulgence in credit, and you will by these means lessen much the difference in exchanges. Reduce your paper expansions, the speculations and overtrading of the community, and the exchanges will become equalized. There is now little or no rate of exchange against New England, New Orleans, or Charleston, in specie; nor is it now any where else over two per cent. in specie, and in many other places nothing. It is now well performed by private bankers, merchants, and banks, when any is needed, and no plan can make it lower which does not go to the root of the evil, or which does not tend to make the transportation of specie to meet balances less expensive. Of late years, two circumstances have thus actually lessened the rate of exchange, where any exists. One is the improvement in roads, canals, and steam, which have lessened the cost of carrying specie, and the other is the gold bill of 1834, for which we are so much indebted to my friend near me, [Mr. BENTON.] By the greater abundance of gold, it can now be obtained and transported much lower than silver; and this, with the other cause just named, has really made all exchanges lower than they often were ten years ago. I have had twenty and thirty thousand dollars brought to the Treasury Department in gold, even from Indiana and Ohio, in a traveller's trunk, without any extra expense, when it would have required wagons to carry it in silver.

These remedies begin at the root of the evil. There is no quackery or humbug in them; and they tend to neutralize, and, in time, eradicate wholly, the seeds of the disease.

Next in respect to the currency. After providing the standard established in the Constitution, and such conveniences under it as the mint can afford in all its various powers, I would, after applying a bankrupt law to artificial bankers—that is, to banks—leave the rest, as the Constitution has left it, to individual enterprise and State legislation. Whenever paper is desired for large or distant payments, beyond the facilities furnished by good private exchanges, the States can provide it, and keep it sound and uniform, for all their local business respectively. This is fully exemplified now, not only in some other quarters, but over the whole of the Eastern States. They can and do, there, generally apply what is equivalent to a bankrupt system to their banks, in the absence of one by the General Government. Fortunately, too, every State, as more commercial, and standing more in need of a paper currency for large and distant

payments, usually possesses both more skill and capital to lay the foundation of a good one.

Each mercantile city in the world, in modern times, has, in its progress to greatness, worked out by bills of exchange, banks of deposit, and other modes, the paper facilities it required. First Venice, then Genoa, then Amsterdam; then London. So here, Louisiana can make, and will in time make, if let alone, a paper medium for business, emanating from New Orleans, such as she finds that business requires, and which will be at par and be sound as far as her trade penetrates. So can Baltimore and Charleston, Boston and Philadelphia, for the circles of their business, and so can New York for hers, which in many respects is the whole Union.

The supply will, if let alone, equal the demand. The ingenuity of man will meet every exigency, if not trammelled and thwarted by injudicious legislation and constant change of policy.

Each State, too, could, as well as the General Government, make a public board for its currency, and keep, as would seem to be advisable, the issues apart from the power to discount, and ground the paper wholly on specie, if found necessary, and as seems to me most eligible.

New York can do this for all the United States, for other than local objects, as her commerce pervades all the Union. Commerce is the parent of paper, and can best regulate it. Those only should use it who know and approve it; and as she is the centre of exchange and specie, as well as commerce, she must be the centre and guardian of all the currency of large paper employed for the whole commercial portion of the Union.

But not to dwell longer on this idea, you see by what has been remarked, the fallacy and want of both fact and logic to support the great argument on which the whole report rests, concerning the propriety of furnishing a paper currency by the General Government. It argues that the people are accustomed to a paper currency, and will have it; that the States cannot make a sound and uniform one; and that the United States can and should do it in the manner there proposed. Granting the first position, which is, however, only true for large and distant objects, coin being better for ordinary and small purposes in business not commercial, yet the second one is incorrect, because each State has the authority and can exercise it to make banks and keep both them and their paper sound for all local objects; so each can make a public paper sound without banks, and issued, as in this scheme, by a commission under its own Government. In every State, if then resting dollar for dollar on specie, as it should, and not, as in the New York free bank system, on mortgages and stocks, so likely to deteriorate, it would not be a bill of credit, and would be as uniform, equal and useful in each State, and near it, for all public or private purposes, as any paper created by the General Government. But go to States more commercial in character, with wider circles of business, and situated at or near the centre of commerce and exchanges for the Union, like New York, Massachusetts or Pennsylvania, and let them, as they most need a paper, good at a distance, issue by a commission a paper cur-

rency redeemable dollar for dollar in specie in the cities of Boston, New York and Philadelphia respectively. It would be by the course of exchange and business, especially if redeemable at New York, be of uniform value, and at par or above over the whole Union. So would the notes of any of their sound banks, well guaranteed, if also made by the General Government, as is here proposed, receivable for public dues. But the notes of banks in other States, or the notes issued by a commission in other States, would not always be so uniform or high in value at a distance, because they could not be used so readily for remittance at par in large payments, nor when redeemed in specie would the last be at points so eligible or valuable without some expense in transportation.

Another fallacy in the argument of the report is that the General Government is bound to do whatever it can do well, without any regard to grants or restrictions about doing it which are contained in the Constitution. And still another mistake in point of fact is, as before shown, that the currency, as proposed in this scheme, is one which is not likely long to be either at par or uniform value over the whole Union.

If Congress ever believed that it is bound to furnish a public paper currency of high and uniform value, it must be done by one of the modes suggested in 1837, through existing paper slightly modified, such as the Treasurer's drafts and Mint certificates, redeemable dollar for dollar in specie as they now are, and also made in convenient amounts and receivable for public dues whenever they can, by the course of trade, be at par in the exchange market; or by new notes and other certificates, issued only on specie dollar for dollar, not bills of credit, and receivable for public dues in the manner before limited. Then all issues, of whatever form, if redeemable at proper points on the Atlantic and north of Potomac, might be safely received and remain at par every where; but those issued and redeemable elsewhere must be circumscribed in their being receivable to the same State or neighborhood, great expense must be incurred to transport specie to the East to redeem all which might otherwise be sent there, and thus maintain them at a real value.

Finally, as to the wants of the Treasury, and means of supplying a part of them, which are interwoven with the other matters in this report, I would propose the following plan, as best suited to the present exigency and more likely to succeed in practice, as well as preserve higher public credit, that that which is now before Congress, First and foremost, as a financial measure would repeal the distribution law of the last session. You will thus, when most needed, retain three or four millions revenue yearly from public lands, which that distribution rashly gave away. You will then not need to raise so much by three or four millions in either loans or taxes, and you will at once improve your credit at home and abroad by having large means to defray interest and other expenses, independent of a precarious reliance on the tariff. How can you otherwise hope to win the confidence of capitalists or the people? How, if acting like a bad farmer, oblig-

borrow, you first give away your farm and then to the money market with the foolish hope of getting a loan as easily and at as low interest as you would if retaining the farm for income as well security. Rather go back to the original idea of a distribution, and let it take place only when you are not in debt and have a troublesome surplus to dispose of.

Having relieved your finances in this way to a large extent, and operated still more beneficially to your financial credit, I would husband both with great care, and not use the latter further in the market, if it can be avoided by any reasonable reduction in the public expenditures. I would, therefore, proceed to bring them down to the eighteen millions which the last Administration proposed as the maximum for 1842; or if practicable, without injury to the public interests, to the twelve or fifteen millions of dollars per annum" played for in the Whig memorial from Georgia, now on your table, and promised, also, so frequently in the same political quarter before the late Presidential election. The feasibility of a reduction to fifteen millions was explained by me fully at the extra session; and the items for it enumerated, some of this might be accomplished, as once recommended by a member of the recent Cabinet, from Tennessee, by a repeal or lessening of such existing outstanding appropriations as remain unexpended, and are larger than now seem expedient; and the rest of it, by paring down the new estimates and appropriations called for at the present session.

It is easy in this way to sustain all the necessary operations of the Government, and yet bring the expenditures of 1842 for ordinary objects within eighteen millions of dollars, instead of allowing them to swell to near twenty-six millions, as the present Secretary proposes—or eleven millions at least more than the country was, before the election, led to expect.

No further new permanent loan would then be necessary, nor any extension of the time in that already authorized. A debt of that character, incurred in time of peace, is always, as a general rule, impolitic, and expenses should not be tolerated so as to render one indispensable. Ten additional taxes are for a time preferable, as they tend to make people more prudent, and more fully aware of any extravagance or folly in expenditure. The loan already made in the East has so incommoded the merchants and embarrassed the banks, as to be censured by some of its former friends. Borrowing much more there, and withdrawing deposits, would tend to injure, if not break all the leading banks, as it did in 1814 and 1815, in the Middle States and the South.

Prudent men and prudent institutions will, therefore, discountenance it in the East, and as little chance do you stand now to get money abroad, especially if the lands are not recalled by repeal of the Distribution act. When State banks are blown on and blasted, foreign capital in banks here sacrificed to the extent of forty or fifty millions, and your own Treasury at this moment officially declared to have stopped payment; when, in London, at the last address, is, on good security, at six to seven per cent.

interest, how can the Secretary of the Treasury, as in his recent letter, indulge in the hopes of success there?

Instead, then, of all attempts at further loans in that form, I would, as the Secretary elsewhere and now recommends, and as was fully shown at the last session to be cheapest and easiest, I would, for any immediate means to discharge present demands, and cover any future contingencies, resort to a more prompt and efficient resource.

It need not exceed five millions, and a power to borrow that sum temporarily by Treasury notes in the old constitutional form, would, with the increased credit and ability derived from a return of the lands, prove easy, and protect the national credit from utter prostration.

Experience is a wise, though at times a severe master, and a Boston Administration paper now before me, says:

"The system of borrowing money, by means of Treasury notes, is infinitely better than a resort to loans by the Government. This would have been called 'Loco Foco doctrine' a year ago, and perhaps a Whig, who should then have been bold enough to make the declaration, would have run the hazard of excommunication; but now, the remark is as common on the Exchange as any household words."

We then, also, avoid new taxes, or an increase of old ones, and shun the wide and imminent danger of violating the Tariff compromise.

We then would get rid of the agitating and heart-burning question of protection—would not need to tax the great comforts to all classes of tea and coffee, in order to give away our lands; and we should husband our resources as well as character, till the time shall come when so wise and prudent a course will do more in a moral point of view to disarm and avert hostilities, than the most lavish waste of funds now. Credit is a delicate plant—sensitive as female reputation. The balance sheet, though not then standing as well as it would, if nearly six millions excess had not been voted away at the extra session—and nearly a like excess appears to have been spent in 1841—yet it would be many millions more promising than by the scheme in this report, and in the annual exhibit of the Secretary.

I shall not detain the Senate by going through the details. But statement number two, now in my hand, shows, that if only twenty millions had been spent in 1841, for ordinary purposes—collections made of the banks and lands advertised as usual; then all the Treasury notes out on the 4th of March, 1841, which fell due within the year, could have been redeemed, and there probably would still have been a million balance of money on hand on the 1st of January, 1842. This would have been accomplished, too, notwithstanding the failure of the United States Bank, soon after the year begun; and all the disasters consequent therefrom to our national credit, commerce, and revenue. But in that event, the dues from banks should have been collected, and lands advertised liberally, and sold at auction as usual, since the 4th of March last, instead of being entirely stopped. So much for 1841. As to 1842, there would then have been about five and a half millions of Treasury notes falling due in that year that must be redeemed, and could be redeemed, if retaining the public lands, and seventeen or eighteen millions more expended for other purposes in 1842, being the whole amount

considered necessary by the past Administration. There would then have been no permanent or temporary debt at the close of this year, but a balance in the Treasury, instead of twenty or thirty-five millions of debt.

Without dwelling on this further, or going into other kindred matters at this late hour, we must now take the expenses of 1841, not at twenty millions, as was contemplated, but at about twenty-six millions, as they now appear on the books, growing out of near six millions additional appropriations at the extra session, and other causes then explained, as well as over a million included, which in fact was expended and paid for in the previous year. Table number three, will then show that even under this burden, all can be mastered without discredit. If we now take back the lands, and reduce the expenses this year as they should be, to seventeen or eighteen millions, we shall need no additional permanent loan—no new Treasury notes, except a small amount for immediate means, or to cover contingencies, and which can probably be redeemed within the year. We should then have no debt to discharge in 1843, except the six millions created since last June, instead of twenty or thirty-six, as contemplated by the annual report, and the financial scheme now under consideration. Which course, then, ought we, as prudent statesmen, to pursue? I am no alarmist, but let me caution gentlemen on the other side, that if they follow out the financial plans of the Treasury Department, as already submitted, you will have not only staring us in the face what has come—is in and around us—fiscal dishonor and actual bankruptcy.

But you will have, beside, what is disheartening enough, and which is much more a matter of regret than exultation. You will have the prospect of not being able to borrow sufficient funds, even by lengthening your loan. You may be obliged to raise the interest to six or seven per cent. and even then fail. If, in this exigency, you adopt another course proposed, and violate the compromise, and raise the tariff above twenty per cent. not only will the prospect lower, and old heartburings be revived and wounds torn open—now partially healed,—between different parts of the Union, but you may not even then be able to increase your revenue enough, considering the distress and alienation thus caused. The gulf will yawn wider—which God forbid—for then you will be driven to direct taxes, or stamp acts, or excise and whiskey insurrections. The end of all this, it requires no prophet to foresee.

TABLE 1.

Debt at the close of 1841 and 1842, as taken from official reports at this session.

Close of 1841.

1. Treasury notes now out, near	-	\$7,000,000
2. Loan already contracted, about	-	6,000,000

Debt now contracted - - - \$13,000,000

Close of 1842.

1. Amount of debt contracted in 1841	\$13,000,000
2. Remainder of twelve million loan needed	- 6,000,000
3. Wanted to meet the deficit, &c.	- 3,000,000

\$22,000,000

Proposed to redeem the Treasury notes in 1842, (two millions)	-	2,000,
		\$20,000,
4. Authorized in new Treasury notes by Board of Exchequer, (ten millions more than specie)	-	10,000,
5. Authorized 5 per cent. stock	-	5,000,

Amount of debt at close of 1842, as proposed already by fiscal reports - \$35,000,

TABLE 2.

Debt at the close of 1841, if the expenditures had as proposed by the last Administration.

Ordinary expense in 1841, as proposed	-	\$20,000,
Ordinary receipts in 1841, as now ascertained and estimated, viz.	-	20,845,
Balance on hand 1st Feb. 1841	-	\$1 500,000
Receipts from customs	-	14 847,557
Receipts from lands	-	1,454,063
Miscellaneous banks, &c.	-	844,232
		18,645,852

Add more for what was due and should have been collected from banks - - - 200,000

Also, for lands that should have been advertised and sold in the last ten months - - - 2,000,000

20,845 852

This would leave no permanent debt and a balance at the close of 1841 in money, equal to - - - \$845,

NOTE.—On the 1st January, 1841, less than five millions Treasury notes were out, and on the 4th of March, about a half millions. The power, remaining on the 4th of March to issue five millions more, would have redeemed all falling due in 1841, and more.

TABLE 3.

Debt at the close of 1842, if the expenditures had in 1841, and in 1842 as proposed by the Administration.

Expenditures in 1842 for ordinary purposes	-	(\$18,000,
For redeeming Treasury notes, new and old, at the end of 1841, out and due in 1842	-	5,500,
		\$23,500,

Receipts and means in 1842, \$23,845,852, viz:	
Balance 1st Jan. 1842	- \$845,
Receipts from customs, as estimated by Secretary	- 19,000,
Receipts from lands, if not given away, or if recalled	- 3,750,
Miscellaneous receipts, as estimated by Secretary	- 150,
Should be higher	- 100,
	\$23,845,

This would leave no debt, and extinguish all the Treasury notes, and have on hand a balance of over one-quarter of a million in money.

If the customs are estimated too low for 1842, and will be, as Mr. EWING and Mr. CLAY computed those accruing in that year about three millions higher than the present Secretary, after deducting those on tea and coffee, computes them, the balance on hand would be over three millions in money.

TABLE 4.

TWO PLANS FOR EXPENSES IN 1842 CONTRASTED.

1. *Taking the Treasury as it is, and as officially recommended for 1842:*

It is proposed by the Secretary of the Treasury to expend for ordinary purposes, and appropriate in 1842, about - - - \$26,000,000
For redeeming Treasury notes, about 7,000,000

His estimated means without the lands
are about - - - - - \$33,000,000
- - - - - 19,000,000

Leaving a deficit of - - - - - \$14,000,000
Outstanding new debt - - - - - 6,000,000

All the debt, as shown in the annual
report, is to be - - - - - \$20,000,000

Add what is proposed in the Board of
Exchequer - - - - - 15,000,000

Aggregate - - - - - \$35,000,000

2. *Taking the Treasury as it is, and the changes proposed by me for 1842:*

Reduce the appropriations, so as to expend for ordinary purposes, and the small balance now due - - - - - \$18,000,000

Redeem the Treasury notes now outstanding, about - - - - - 7,000,000

Aggregate expenses - - - - - \$25,000,000

Revenue to meet this, as estimated by the Secretary - - - - - \$19,200,000

Miscellaneous receipts should be higher - - - - - 150,000

The customs should be higher, as all accruing in 1842 is to be received, and from three to four millions accruing in 1841 - - - - - 2,500,000

Recall lands, by repealing the Distribution bill - - - - - 3,750,000

\$25,600,000

This leaves a balance of money on hand, and no Treasury notes outstanding, and no new debt of new taxes to be imposed this year. Only the six million debt would remain, incurred since June last, and not yet due; instead of thirty-five millions debt, as the Secretary proposes. Next year that six millions could be paid easily, without more taxes or a loan.

